

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1718 - HB 1832

February 20, 2020

**SUMMARY OF ORIGINAL BILL:** Requires a health insurance carrier that provides coverage for prescription insulin drugs to cap the total amount that a covered patient with diabetes is required to pay for a covered prescription insulin drug at an amount not to exceed \$100 per 30-day supply of insulin. This Section will take effect January 1, 2021.

Requires the Department of Health (DOH), in cooperation with the Division of Consumer Affairs (Division) of the Office of the Attorney General and Reporter, to investigate pricing of prescription insulin drugs, as defined in Tenn. Code Ann. § 56-7-2605, made available to consumers in this state to ensure adequate consumer protections in pricing of prescription insulin drugs and whether additional consumer protections are needed.

Requires the DOH and the Division, on or before November 1, 2020, to issue and make available to the public a report detailing the findings from the investigation. Requires the DOH and the Division to present the report to the Governor, the Commissioner of the Department of Commerce and Insurance, the Speaker of the Senate, and the Speaker of the House of Representatives.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$25,000/FY20-21

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Revenue - \$25,000/FY20-21

Increase Business Expenditures – Less than \$25,000/FY20-21

Other Commerce Impact – Any increase in costs incurred by insurance providers will result in an equal or greater increase to insurance premiums paid by enrollees in the insurance providers' plans. Therefore, any net impact to commerce is considered not significant. Any impact to the number of jobs in Tennessee is estimated to be not significant.

**SUMMARY OF AMENDMENT (013257):** Deletes and replaces language of the original bill such the only substantive change is requiring a health insurance carrier that provides coverage for prescription insulin drugs pursuant to the terms of a policy, program, or contract of insurance shall cap the total amount that a covered patient with diabetes is required to pay for covered prescription insulin drugs at an amount not to exceed \$100 per thirty-day supply of insulin, regardless of the amount, type, or number of insulins needed to fill the monthly insulin prescriptions of the covered patient with diabetes.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- The DOH is unable to accommodate the proposed legislation utilizing existing resources. The DOH will contract with a research company to complete the required study.
- The one-time increase in state expenditures is estimated to be \$25,000 in FY20-21.
- The DOH is unable to accommodate the proposed legislation utilizing existing resources. The DOH will contract with a research company to complete the required study.
- The one-time increase in state expenditures is estimated to be \$25,000 in FY20-21.
- The State Group Insurance Program (SGIP) currently covers prescription insulin. If the cap had been in place in 2019, \$17,835 in claims would have shifted to the plans.
- The SGIP is self-funded and claims are paid from the respective insurance funds. It is assumed the funds can accommodate this increase utilizing existing resources.
- Based on information provided by the Division of TennCare, no programs require patients to pay more than \$100 for a 30-day supply of insulin.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

### **Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- The research company the DOH contracts with will experience an increase in business revenue for providing services.
- The one-time increase in business revenue is estimated to be \$25,000 in FY20-21.
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the increase in business expenditures is estimated to be less than \$25,000 in FY20-21.
- Any increase to costs incurred by insurance providers to cover costs over and above the \$100 cap will result in increased premiums paid by the enrollees to cover the costs

incurred by the insurance companies including increased taxes paid by the insurance providers. While the exact amounts cannot be determined, the net impact to commerce is considered not significant.

- The proposed legislation will not have a significant impact on jobs in the state.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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